

House Study Bill 227 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

A BILL FOR

1 An Act relating to the taxation of pipeline company property
2 by modifying eligibility criteria for the business property
3 tax credit, modifying property assessment limitations, and
4 including applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 331.559, Code 2015, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18A. Collect taxes levied against the
4 property of pipeline companies as provided in chapter 438.

5 Sec. 2. Section 426C.1, subsection 4, Code 2015, is amended
6 to read as follows:

7 4. "*Parcel*" means as defined in section 445.1 and, for
8 purposes of business property tax credits claimed for fiscal
9 years beginning on or after January 1, 2016, "*parcel*" also means
10 that portion of a parcel assigned to be commercial property,
11 industrial property, ~~or~~ railway property under chapter 434,
12 or pipeline property under chapter 438, pursuant to section
13 441.21, subsection 13, paragraph "c".

14 Sec. 3. Section 426C.4, subsection 1, paragraph a, Code
15 2015, is amended to read as follows:

16 a. Except as provided in paragraph "b", parcels classified
17 and taxed as commercial property, industrial property, ~~or~~
18 railway property under chapter 434, or pipeline property under
19 chapter 438 are eligible for a credit under this chapter. A
20 person may claim and receive one credit under this chapter for
21 each eligible parcel unless the parcel is part of a property
22 unit for which a credit is claimed. A person may claim and
23 receive one credit under this chapter for each property unit.
24 A credit approved for a property unit shall be allocated to
25 the several parcels within the property unit in the proportion
26 that each parcel's total amount of property taxes due and
27 payable bears to the total amount of property taxes due and
28 payable on the property unit. Only property units comprised of
29 property assessed as commercial property, industrial property,
30 ~~or~~ railway property under chapter 434, or pipeline property
31 under chapter 438 are eligible for a credit under this chapter.
32 The classification of property used to determine eligibility
33 for the credit under this chapter shall be the classification
34 of the property for the assessment year used to calculate the
35 taxes due and payable in the fiscal year for which the credit

1 is claimed.

2 Sec. 4. Section 441.21, subsection 5, paragraph a, Code
3 2015, is amended to read as follows:

4 a. (1) For valuations established as of January 1, 1979,
5 property valued by the department of revenue pursuant to
6 chapters 428, 433, and 437, ~~and 438~~ shall be considered as
7 one class of property and shall be assessed as a percentage
8 of its actual value. The percentage shall be determined by
9 the director of revenue in accordance with the provisions of
10 this section. For valuations established as of January 1,
11 1979, the percentage shall be the quotient of the dividend and
12 divisor as defined in this section. The dividend shall be the
13 total actual valuation established for 1978 by the department
14 of revenue, plus ten percent of the amount so determined.
15 The divisor for property valued by the department of revenue
16 pursuant to chapters 428, 433, and 437, ~~and 438~~ shall be the
17 valuation established for 1978, plus the amount of value added
18 to the total actual value by the revaluation of the property
19 by the department of revenue as of January 1, 1979. For
20 valuations established as of January 1, 1980, property valued
21 by the department of revenue pursuant to chapters 428, 433, and
22 437, ~~and 438~~ shall be assessed at a percentage of its actual
23 value. The percentage shall be determined by the director of
24 revenue in accordance with the provisions of this section. For
25 valuations established as of January 1, 1980, the percentage
26 shall be the quotient of the dividend and divisor as defined in
27 this section. The dividend shall be the total actual valuation
28 established for 1979 by the department of revenue, plus eight
29 percent of the amount so determined. The divisor for property
30 valued by the department of revenue pursuant to chapters 428,
31 433, and 437, ~~and 438~~ shall be the valuation established for
32 1979, plus the amount of value added to the total actual
33 value by the revaluation of the property by the department of
34 revenue as of January 1, 1980. For valuations established as
35 of January 1, 1981, and each year thereafter, the percentage

1 of actual value at which property valued by the department of
2 revenue pursuant to chapters 428, 433, and 437, ~~and 438~~ shall
3 be assessed shall be calculated in accordance with the methods
4 provided herein, except that any references to ten percent in
5 this subsection shall be eight percent.

6 (2) For valuations established on or after January 1,
7 2013, property valued by the department of revenue pursuant to
8 chapter 434 shall be considered a separate class of property
9 and shall be assessed at a percentage of its actual value equal
10 to the percentage of actual value at which property assessed
11 as commercial property is assessed under paragraph "b" for the
12 same assessment year.

13 (3) For valuations established on or after January 1,
14 2016, property valued by the department of revenue pursuant to
15 chapter 438 shall be considered a separate class of property
16 and shall be assessed at a percentage of its actual value equal
17 to the percentage of actual value at which property assessed
18 as commercial property is assessed under paragraph "b" for the
19 same assessment year.

20 Sec. 5. Section 441.21, subsections 9 and 10, Code 2015, are
21 amended to read as follows:

22 9. Not later than November 1, 1979, and November 1 of each
23 subsequent year, the director shall certify to the county
24 auditor of each county the percentages of actual value at
25 which residential property, agricultural property, commercial
26 property, industrial property, multiresidential property,
27 property valued by the department of revenue pursuant to
28 chapter 434, property valued by the department of revenue
29 pursuant to chapter 438, and property valued by the department
30 of revenue pursuant to chapters 428, 433, and 437, ~~and 438~~ in
31 each assessing jurisdiction in the county shall be assessed for
32 taxation. The county auditor shall proceed to determine the
33 assessed values of agricultural property, residential property,
34 commercial property, industrial property, multiresidential
35 property, property valued by the department of revenue pursuant

1 to chapter 434, property valued by the department of revenue
2 pursuant to chapter 438, and property valued by the department
3 of revenue pursuant to chapters 428, 433, and 437, ~~and 438~~ by
4 applying such percentages to the current actual value of such
5 property, as reported to the county auditor by the assessor,
6 and the assessed values so determined shall be the taxable
7 values of such properties upon which the levy shall be made.

8 10. The percentage of actual value computed by the director
9 for agricultural property, residential property, commercial
10 property, industrial property, multiresidential property,
11 property valued by the department of revenue pursuant to
12 chapter 434, property valued by the department of revenue
13 pursuant to chapter 438, and property valued by the department
14 of revenue pursuant to chapters 428, 433, and 437, ~~and 438~~ and
15 used to determine assessed values of those classes of property
16 does not constitute a rule as defined in section 17A.2,
17 subsection 11.

18 Sec. 6. SAVINGS PROVISION. This Act, pursuant to section
19 4.13, does not affect the operation of, or prohibit the
20 application of, prior provisions of section 441.21, or rules
21 adopted under chapter 17A to administer prior provisions
22 of section 441.21, for assessment years beginning before
23 January 1, 2016, and for duties, powers, protests, appeals,
24 proceedings, actions, or remedies attributable to an assessment
25 year beginning before January 1, 2016.

26 Sec. 7. APPLICABILITY. The following provisions of this
27 Act apply to claims for the business property tax credit under
28 chapter 426C against property taxes due and payable in fiscal
29 years beginning on or after July 1, 2016:

30 1. The section of this Act amending section 426C.1,
31 subsection 4.

32 2. The section of this Act amending section 426C.4,
33 subsection 1, paragraph "a".

34 Sec. 8. APPLICABILITY. The following provision or
35 provisions of this Act apply to assessment years beginning on

1 or after January 1, 2016:

2 1. The section of this Act amending section 441.21,
3 subsection 5, paragraph "a".

4 2. The section of this Act amending section 441.21,
5 subsections 9 and 10.

6 EXPLANATION

7 The inclusion of this explanation does not constitute agreement with
8 the explanation's substance by the members of the general assembly.

9 Under current Code section 426C.4, parcels or property
10 units classified and taxed as commercial property, industrial
11 property, or railway property are eligible for the business
12 property tax credit. This bill adds pipeline property valued
13 by the department of revenue under Code chapter 438 to the
14 list of property classifications that may claim the business
15 property tax credit. Under the bill, pipeline property is
16 eligible for the business property tax credit against property
17 taxes due and payable in fiscal years beginning on or after
18 July 1, 2016.

19 Under current Code section 441.21(5), property valued by the
20 department of revenue pursuant to Code chapters 428 (certain
21 utility property), 433 (telephone company property), 437
22 (electric transmission lines), and 438 (pipeline companies)
23 are considered to be a single class of property for purposes
24 of calculating the statewide assessment limitation (rollback).
25 The bill provides that for valuations established on or after
26 January 1, 2016, pipeline company property valued by the
27 department of revenue pursuant to Code chapter 438 is assessed
28 as a separate class of property and at a percentage of its
29 actual value equal to the percentage of actual value at which
30 property assessed as commercial property is assessed for the
31 same assessment year. Under current law, for valuations
32 established on or after January 1, 2014, commercial property is
33 assessed at 90 percent of its actual value.

34 The bill, pursuant to Code section 4.13, does not affect the
35 operation of, or prohibit the application of, prior provisions

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1 of Code section 441.21, or rules adopted to administer
2 prior provisions of Code section 441.21, for assessment
3 years beginning before January 1, 2016, and for duties,
4 powers, protests, appeals, proceedings, actions, or remedies
5 attributable to an assessment year beginning before January 1,
6 2016.